

## **II. REMARKS**

The Examiner is requested to reconsider the application in view of the foregoing amendment and the following remarks.

Respectfully, and generally for the reasons set forth below, the objections and rejections and each ground therefor -- to the extent not rendered moot by the foregoing Amendment -- are traversed. Generally, it is believed that the amendment adds no new matter.

### **A. Paragraphs of Objections and/or Rejections**

#### **1. Paragraph 1 of the Office Action**

In paragraph 1 of the Office Action, the Examiner has objected to the claim numbering and has required a renumbering of the claims.

In response, the foregoing amendment shows the renumbering of the claims

#### **2. Paragraph 2 of the Office Action**

In paragraph 2 of the Office Action, the Examiner has graciously provided a copy of 35 U.S.C. Sec. 103.

In response, Applicant appreciates the consideration.

#### **3. Paragraph 3 of the Office Action**

In paragraph 3 of the Office Action, the Examiner has graciously set forth the requirements of *Graham v. John Deere Co.* for analyzing patentability pursuant to Sec. 103.

In response, Applicant appreciates the consideration.

#### **4. Paragraphs 4-6 of the Office Action**

In paragraphs 4-6 of the Office Action, the Examiner has rejected all claims variously as set forth with contentions set out in the Office Action, all rejections involving Simpson and McMullin. With regard to claims 1, 2, 4, 5, 9-15, 20-22, 26, and 27, the Examiner recognizes at page 4 that "Simpson fails to teach a system where credit card payments are used to assist in funding a mortgage payment." However, on page 5 the Examiner contends

that “McMullan teaches a system and method for administration of an incentive award system...such as a mortgage payment.”

In response, the rejection and contention is respectfully traversed. McMullen does not teach the crediting of card activity to a mortgage, but rather to exclude it. Column 5, line 67 says, “...mortgage companies providing automobile loans or other consumer credit...” This language does not teach mortgage crediting. This language teaches automobile loans (which a mortgage is not) or other consumer credit. Consumer credit is not a mortgage either. For example, “consumer credit” is defined by:

- 1) InvestorWords.com as “non-mortgage consumer debt”.
- 2) ‘Lectric Law Library this way: CONSUMER CREDIT - Short term loans to individuals for the purchase of goods used primarily for personal, family, or household purposes. Such goods are not intended for resale or further use in the production of other products.
- 3) Merriam-Webster Dictionary as “credit granted to an individual especially to finance the purchase of consumer goods or to defray personal expenses.”

Further, the Federal Reserve releases reports on Consumer Credit that delineates between revolving and non-revolving consumer debt. Mortgages are not included in the non-revolving debts (See UPDATE 1-US consumer credit unexpectedly strong in April; Friday June 06, 2003 Reuters).

Accordingly, there is no teaching or suggestion of the claimed method steps of associating, crediting, and generating. A *prima facie* case of obviousness has not been made out, and the rejection should be withdrawn.

Similarly, with regard to claims 3, 6, 7-8, 17-19, 24, 29, the same is true. Contrary to the contention in the Office Action at page 6, McMullin does not teach “incentives based on card purchases for mortgage payments.” Again, a *prima facie* case of obviousness has not been made out, and the rejection should be withdrawn.

With further regard to claims 16 and 23, the same is true. Contrary to the contention at page 8 of the Office Action, McMullin does not teach “incentives based on card purchases for mortgage payments. Once again, a *prima facie* case of obviousness has not been made out, and the rejection should be withdrawn.

Additionally, Applicant respectfully traverses other contentions in this portion of the Office Action.

As to claims 3, 6, 25, and 28: Hilt does not teach:

- 1) Combining the check and coupon with a **statement of card activity**.
- 2) Printing a coupon with the amount for carrying out payment of a **mortgage**.

Claim 3: Hilt does not teach addressing the envelope to the cardholder.

Claim 25: Hilt does not teach:

- 1) Printing a check with an amount to pay a mortgage.
- 2) Said amount (of check) determined by crediting responsive to card activity of a cardholder.
- 3) Printing a coupon with the amount for making the payment of a mortgage

Claim 26: Hilt does not teach:

- 1) Card-based mortgage crediting.
- 2) Associating card activity with a mortgage.
- 3) Crediting an amount to a mortgage responsive to card activity.
- 4) Generating output including the charge card activity-based mortgage crediting.
- 5) Printing a check with an amount to pay a mortgage.
- 6) Said amount (of check) determined by crediting responsive to card activity of a cardholder.
- 7) Printing a coupon with the amount for making the payment of a mortgage.

8) Generating a statement showing card activity.

Claim 24: Hilt does not teach computing a valuation of mortgage-backed security in response to indicia of said crediting.

Claim 29: Hilt does not teach:

- 1) Card activity-based crediting.
- 2) Crediting card activity to a mortgage payment in response to an instruction from a mortgage holder received over the internet.

Claim 7: Hilt does not teach computing a forecast for repayment of a mortgage from card activity.

Claim 18: Hilt does not teach computing mortgage interest paid by the crediting.

Claim 16: Burke does not teach allocating a portion of the credit activity between a mortgage and a charity.

Claim 23: Burke does not teach a payment of mortgage.

Further, the Office Action has made extensive use of Official Notice, and if the rejection is maintained, a reference is required for each and every use of Official Notice, at least to permit Applicant to assess whether there is a proper reason to modify or combine that which is cited against the patent application.

Finally, the reasons to combine and modify appear to be improper in that the prior art does not suggest the combination or modification to reach the claimed invention except in hindsight. The only party of record to suggest mortgage crediting in connection with a cardholder is the Applicant.

Further there is no proper reason to combine Simpson and McMullin as such is contrary to the respective teachings and would destroy the intended purpose of the respective inventions.

First, Simpson teaches card usage automatically investing monthly into

Investment Accounts such as Individual Retirement Accounts, Roth IRAs, other IRAs, 401K plans, SEP IRAs (Column 1, lines 46-59). McMullin teaches redemption of awards but only after a predetermined time delay (Column 2, lines 13-19). McMullin even teaches the requirement that the Participant make new charges to his account exceeding the amount of the reward within a predetermined period of time after the award is posted in order to be able to redeem and not forfeit it (Column 5, lines 16-19). Combining these contravenes the respective teachings because IRAs have deadlines for contributions, and time delays of McMullin would not work with the IRA and other time requirements. That is, IRAs and other retirement investment accounts require timeliness in order to reap the tax advantages. Time delays of McMullin would contradict the process of Simpson by interfering with the tax advantages of these IRAs.

There is a second reason too why the proposed combination and modification is improper. Simpson teaches a vesting schedule for an Investment Account that could be invaded by the credit card issuer in the event of default (Column 2, line 9-14). McMullin teaches having one or a multiple of "Sponsors" (gas and electric company, cable TV company, cellular phone company, card issuer, etc;) and that the customer be a customer in good standing with all of them, which includes one or many predetermined time delays, to redeem awards (Column 5-6, lines 64-17). McMullin even teaches the requirement that the Participant make new charges to his account exceeding the amount of the reward within a predetermined period of time after the award is posted in order to be able to redeem and not forfeit it (Column 5, lines 16-19). Opening the door to the raiding of Investment Accounts, especially retirement accounts, becomes unworkable especially when multiple entities may have undue influence on whether the credit card bill is paid by the Participant. With multiple entities requiring different time delays or purchase amount deadlines, a Participant may find him/herself unwilling to pay a bill until a dispute is settled; or he/she may simply become confused by the multitude of

permutations and disillusioned when awards are unredeemable and thus not pay the credit card bill. This non-action on his part, due to a cascade of events, could open the door to his Investment Account being raided. To have complicated redemption policies combine with the raiding of an Investment account makes for an unworkable combination, so as to not suggest the claimed invention. Retirement Accounts such as IRAs and 401Ks are federally protected and would require a Qualified Plan Distribution Form to be signed in each instance, and monies removed would probably be subject to a 10% withdrawal penalty. To get a disenchanted Participant to give permission to: withdraw money from his retirement account; incur a withdrawal penalty, seems highly unlikely and thus be further unworkable so as to lead one away from the proposed combination and modification, rather than toward the claimed invention.

In the end, however, it is respectfully submitted that a *prima facie* case of obviousness has not been made out because the only party of record to suggest mortgage crediting in connection with a cardholder is the Applicant. All related computing has thus not been evidenced as obvious.

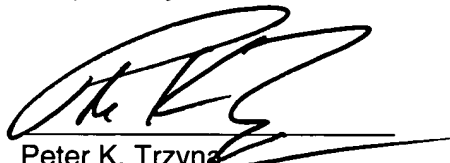
### III. CONCLUSION

The application, as amended, is believed to be in condition for allowance, and favorable action is requested.

Applicant claims small entity status. The Commissioner is hereby authorized to charge any fees associated with the above-identified patent application or credit any overcharges to Deposit Account No. 50-0235, and if any extension of time is needed to reply to said office action, this shall be deemed a petition therefor.

If the prosecution of this case can be in any way advanced by a telephone discussion, the Examiner is requested to call the undersigned at (312) 240-0824.

Respectfully submitted,



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Date: June 12, 2003

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